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String of Pearls:
Meeting the Challenge of China's
Rising Power across the Asian Littoral

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Christopher J. Pehrson

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ACROSS THE ASIAN LITTORAL**

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July 2006

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Comments pertaining to this report are invited and should be forwarded to: Director, Strategic Studies Institute, U.S. Army War College, 122 Forbes Ave, Carlisle, PA 17013-5244.

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PREFACE

The U.S. Army War College, as well as the other senior service colleges, provides an excellent environment for selected military officers and government civilians to reflect and use their career experience to explore a wide range of strategic issues. To assure that the research developed by these students is available to Army and Department of Defense leaders, the Strategic Studies Institute publishes selected papers in its "Carlisle Papers in Security Strategy" Series.



ANTULIO J. ECHEVARRIA II
Director of Research
Strategic Studies Institute

ABOUT THE AUTHOR

CHRISTOPHER J. PEHRSON is a lieutenant colonel in the U.S. Air Force currently assigned to the Air Staff at the Pentagon. He has served as a squadron commander and held a number of staff positions at the squadron, wing, and major command levels. He has over 3,200 flying hours, including 350 combat hours, as an EF-111 Electronic Warfare Officer and C-130 Instructor Aircraft Commander, and has participated in contingencies in Iraq, Afghanistan, Bosnia, and Indonesia. Colonel Pehrson is a graduate of Squadron Officer School, the Army Command and General Staff College, and the Air War College. He holds a B.S. degree from the University of Michigan, an M.S. degree from Boston University, an M.S. degree from the Air Force Institute of Technology, and a Master of Strategic Studies from Air University.

ABSTRACT

China's rising maritime power is encountering American maritime power along the sea lines of communication (SLOCs) that connect China to vital energy resources in the Middle East and Africa. The "String of Pearls" describes the manifestation of China's rising geopolitical influence through efforts to increase access to ports and airfields, develop special diplomatic relationships, and modernize military forces that extend from the South China Sea through the Strait of Malacca, across the Indian Ocean, and on to the Arabian Gulf. A question posed by the "String of Pearls" is the uncertainty of whether China's growing influence is in accordance with Beijing's stated policy of "peaceful development," or if China one day will make a bid for regional primacy. This is a complex strategic situation that could determine the future direction of the China's relationship with the United States, as well as China's relationship with neighbors throughout the region. The purpose of this paper is to analyze the "String of Pearls" from within the context of the post-Cold War global security environment and propose informed recommendations for U.S. policy and strategy. Substantive, results-oriented engagement supported by pragmatic military hedging is the best strategy to influence and encourage China to participate in the international community as a responsible stakeholder. Bold leadership and prudent foresight will enable the United States and China to reap the rewards of strategic cooperation and avert the calamity of a hostile confrontation.

STRING OF PEARLS: MEETING THE CHALLENGE OF CHINA'S RISING POWER ACROSS THE ASIAN LITTORAL

We have beheld in the ocean huge waves like mountains rising sky-high, and we have set eyes on barbarian regions hidden away beyond a blue of light vapors, while our sails, loftily unfurled, day and night continued their course like that of a star, traversing the savage waves as if we were treading a public thoroughfare.

Zheng He, "Admiral of the Western Seas"¹

I. CHINA LOOKS SEAWARD: YESTERDAY AND TODAY

The year 2005 marked the 600th anniversary of China's first experience as a maritime power. In 1405, Emperor Yongle of the Ming Dynasty dispatched a "treasure fleet" of 62 ships under command of the explorer, Zheng He. Four of his ships were some of the largest wooden sailing vessels ever built, then or since, measuring over 400 feet long and 160 feet wide. Included in his fleet were specialized ships for transporting horses, ships designed to carry fresh water, supply ships, troop transports, and military vessels for defense. The fleet embarked into the open ocean with 27,800 men and thousands of tons of Chinese goods to trade during their voyage. By comparison, 87 years later in 1492, Columbus embarked on his fateful voyage with only 3 ships and 87 men. His flagship, the Santa Maria, was barely seaworthy at 75 feet long.²

Today, following centuries of Western maritime dominance that began with Columbus, a rising China is taking concrete steps to develop its maritime reach beyond China's periphery. China's dramatic rise poses complex challenges and opportunities for the United States, both globally and regionally. China's growing interest and influence from the South China Sea through the Indian Ocean and on to the Arabian Gulf has been described as a "String of Pearls" approach that potentially could present the United States with complex regional challenges. The purpose of this paper is to examine the nature of the People's Republic of China's (PRC) evolving maritime power, analyze the "String of Pearls" in the context of China's larger grand strategy, and propose informed recommendations for U.S. policy and programs to meet the potential challenges imposed by the "String of Pearls."

Following this introduction, the second section defines the "String of Pearls," explains the motivation behind it, and describes how it relates to China's evolving national strategy. The author analyzes the "String of Pearls" in depth in Section III. He first assesses China's grand strategy of "peaceful development" in the context of the global security environment and the implications for U.S. foreign policy. The section examines regional security challenges that the "String of Pearls" could present to the United States. Specific areas of concern include competition for regional influence, China's relationship with rogue states, and how modernization efforts of the People's Liberation Army (PLA), in particular the PLA Air Force (PLAAF) and PLA Navy (PLAN), affect the dynamics of the "String of Pearls." The author reviews areas of convergence and divergence with respect to both Chinese and American national interests and then explores U.S. response options to meet the challenges of the "String of Pearls." U.S. strategic options range from an optimistic approach of engagement to a pessimistic Cold War-era strategy of containment. Based on the foregoing analysis, the third section concludes with recommendations for a pragmatic U.S. strategy of substantive, results-oriented engagement towards China with military hedging as insurance.

Section IV makes broad recommendations for implementing this pragmatic strategy with respect to the military instrument of power. The author addresses the adequacy of U.S. global posture, to include maritime and aerospace forces. He questions U.S. force structure and laydown with respect

to meeting the challenges of a rising China in the post-Cold War world order. Finally, he proposes recommendations with respect to regional security cooperation and military-to-military programs, including proposals for regional security cooperation and military-to-military programs with China.

This paper examines the "String of Pearls" as an evolving maritime component of China's grand national strategy and proposes a corresponding U.S. strategy in the context of U.S.-China relations in the global security environment. The "String of Pearls" is more than a naval or military strategy. It also is more than a regional strategy. It is a manifestation of China's ambition to attain great power status and secure a self-determined, peaceful, and prosperous future. For the United States, a rising China presents great opportunity, but this opportunity is fraught with potential risks. With bold leadership and prudent foresight, the United States and China can reap the rewards of strategic cooperation and avert the calamity of a hostile confrontation.

II. China's Emerging Maritime Strategy: The String of Pearls

Globally, China is increasingly active in striving for energy security in ways that portend direct competition for energy resources with the United States. This is producing a possibility of conflict between the two nations.

U.S.-China Commission, 2005 Report to Congress³

What Is the String of Pearls?

Each "pearl" in the "String of Pearls" is a nexus of Chinese geopolitical influence or military presence.⁴ Hainan Island, with recently upgraded military facilities, is a "pearl." An upgraded airstrip on Woody Island, located in the Paracel archipelago 300 nautical miles east of Vietnam, is a "pearl." A container shipping facility in Chittagong, Bangladesh, is a "pearl." Construction of a deep water port in Sittwe, Myanmar, is a "pearl," as is the construction of a navy base in Gwadar, Pakistan.⁵ Port and airfield construction projects, diplomatic ties, and force modernization form the essence of China's "String of Pearls." The "pearls" extend from the coast of mainland China through the littorals of the South China Sea, the Strait of Malacca, across the Indian Ocean, and on to the littorals of the Arabian Sea and Persian Gulf. China is building strategic relationships and developing a capability to establish a forward presence along the sea lines of communication (SLOCs) that connect China to the Middle East (see Figure 1).

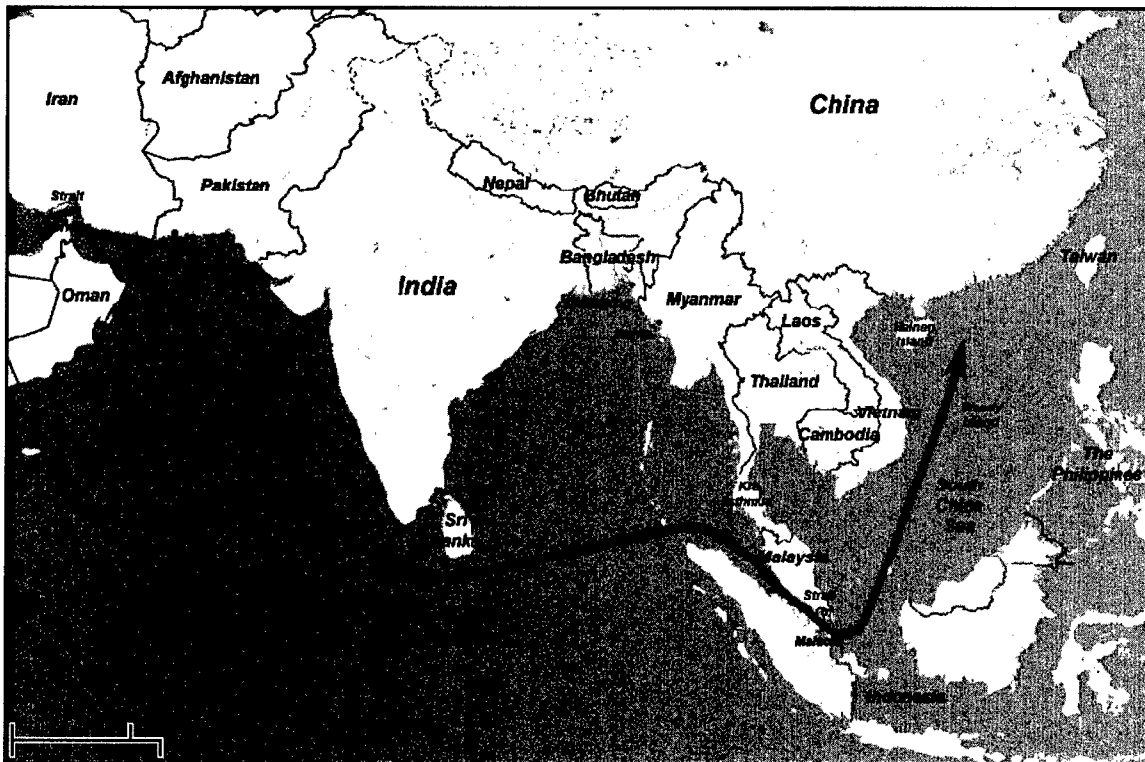


Figure 1. Sea Lines of Communication

The Nature of the Pearls. China's development of these strategic geopolitical "pearls" has been nonconfrontational, with no evidence of imperial or neocolonial ambition. The development of the "String of Pearls" may not, in fact, be a strategy explicitly guided by China's central government. Rather, it may be a convenient label applied by some in the United States to describe an element of China's foreign policy. Washington's perception of China's de facto strategy may not be a view shared

in Beijing, but the fact remains that economic benefits and diplomatic rhetoric have been an enticement for countries to facilitate China's strategic ambitions in the region. The port facility at Gwadar, for example, is a win-win prospect for both China and Pakistan. The port at Karachi currently handles 90 percent of Pakistan's sea-borne trade, but because of its proximity to India, it is extremely vulnerable to blockade. This happened during the India-Pakistan War of 1971 and was threatened again during the Kargil conflict of 1999.⁶ Gwadar, a small fishing village which Pakistan identified as a potential port location in 1964 but lacked the means to develop, is 450 miles west of Karachi.⁷ A modern port at Gwadar would enhance Pakistan's strategic depth along its coastline with respect to India. For China, the strategic value of Gwadar is its 240-mile distance from the Strait of Hormuz. China is facilitating development of Gwadar and paving the way for future access by funding a majority of the \$1.2 billion project and providing the technical expertise of hundreds of engineers.⁸ Since construction began in 2002, China has invested four times more than Pakistan and contributed an additional \$200 million towards the building of a highway to connect Gwadar with Karachi. In August 2005, Chinese Premier Wen Jiabao visited Pakistan to commemorate completion of the first phase of the Gwadar project and the opening of the first 3 of 12 multiship berths.⁹

The Gwadar project has enhanced the strategic, diplomatic, and economic ties between Pakistan and China. Other countries are benefiting from China's new strategy, as well. In November 2003, China signed an agreement with Cambodia to provide military equipment and training in exchange for the right of way to build a rail line from southern China to the Gulf of Thailand.¹⁰ China also has an ambitious \$20 billion proposal to build a canal across Thailand's Kra Isthmus which would enable ships to bypass the chokepoint at the Strait of Malacca.¹¹ Although this plan is stalled due to Thailand's noncommittal position and political opposition in Indonesia, Malaysia, and Singapore, it reveals the scope and scale of Chinese ambition for the "String of Pearls."

Motivation Behind the String of Pearls.

China's development, from its expanding economy and increased global influence to its growing military might and demand for energy, presents tremendous challenges to China's leaders as they manage the turmoil of massive structural, technological, and social changes. The governing elites of China have three overarching concerns: regime survival, territorial integrity, and domestic stability.¹² Regime survival is the foremost concern of the Chinese Communist Party (CCP), and party leadership is acutely aware that their success hinges upon the satisfaction of the Chinese people and the government's ability to protect Chinese national interests. The collapse of the Soviet Union and the end of the Cold War exposed communism as a bankrupt ideology with a flawed economic system. As the last remaining major communist state, China's leaders have sought to avoid the fate of the Soviet Union and other Eastern European communist regimes by turning away from traditional Marxist-Leninist-Maoist ideology and adopting a "socialist market economy," a thinly-veiled euphemism for Chinese-style capitalism.¹³ The CCP has maintained authoritarian control amid a sea change of economic and social reforms and, as long as reforms stay on track and the economy continues to thrive and resurgent nationalism remains manageable, expectations are that regime survival will not be threatened.

Since the end of the Cold War, China has made progress with respect to territorial integrity. Although the unification of Taiwan persists as a contentious issue and territorial disputes remain, such as a competing claim with Japan over sovereignty of the Diaoyutai (Senkaku) Islands, China successfully has stabilized and demilitarized its land borders in North and Central Asia.¹⁴ China is becoming more influential in Central Asia under the auspices of the Shanghai Cooperation Organization (SCO), whose member states consist of China, Russia, Kazakhstan, Uzbekistan, Kyrgyzstan, and Tajikistan, along with the observer members of India, Pakistan, Iran, and Mongolia.¹⁵ On the southwestern border, a long-standing territorial dispute with India over Chinese-controlled portions of Kashmir and northeastern

India is showing signs of slow but pragmatic progress. During Prime Minister Vajpayee's visit to China in 2003, India, for the first time, recognized China's claims to Tibet and China reciprocated by recognizing India's claim to the Himalayan state of Sikkim.¹⁶ Even with respect to Taiwan, Chinese policy attempts to balance the "stick" of diplomatic and military pressure with the "carrot" of mutually beneficial cross-strait economic ties.¹⁷ The demands of increased economic development are the driving forces behind China's improved relations with her neighbors.

Successful economic development is perceived as key to China's third area of strategic concern, domestic stability. China's central government is focused inward, and primarily domestic politics drive China's foreign and economic policies. Changes to the economic system and the decision to embrace globalization are causing major shifts in Chinese society. Disparities between booming coastal regions and poorly developed interior regions, effects of the information revolution, rampant corruption, and emerging class distinction due to economic stratification are but a few examples of the disruptive forces affecting the social fabric of China. These changes clash with the very nature of communist ideology and the authoritarian political system favored by Chinese elites and vested interest groups.¹⁸ Recent manifestations of social discontent include antigovernment demonstrations by peasants, protests by laid-off workers, and religious activism by groups such as the Falun Gong.¹⁹ Although repression has not been as intense as what occurred during the Tiananmen Square crackdown of June 1989, the regime is attentive to dissidence and prepared to use substantial coercive and persuasive power in response to social discontent. The regime's priority and preoccupation due to the legacy of the Cultural Revolution and other periods of social unrest is to maintain domestic stability by fostering economic prosperity to satisfy the demands and expectations of the Chinese people.²⁰

China's largest strategic concerns—regime survival, territorial integrity, and domestic stability—are inexorably linked to the economy. China's greatest strength and its greatest vulnerability is the economy, and therefore it is the centerpiece of Chinese policy and strategy. To sustain economic growth, China must rely increasingly upon external sources of energy and raw materials. SLOCs are vitally important because most of China's foreign trade is conducted by sea, and China has had little success in developing reliable oil or gas pipelines from Russia or Central Asia. Since energy provides the foundation of the economy, China's economic policy depends on the success of its energy policy.²¹ Securing SLOCs for energy and raw materials supports China's energy policy and is the principal motivation behind the "String of Pearls." This is how and why the "String of Pearls" relates to China's grand national strategy.

Quest for Energy. South Korea, Taiwan, Thailand, Hong Kong, and Singapore were dubbed "Asian Tigers" as they sustained rapid economic growth and industrialization from the 1960s through the 1990s. China's rise in the 21st century, the rise of the "Asian Dragon," has the potential to surpass greatly the growth of the "Asian Tigers." Since the beginning of economic reforms under Deng Xiaoping, China has averaged an annual gross domestic product (GDP) growth rate of 9.4 percent. Since 1978, foreign trade has grown from a fraction of a percent of the world economy, or \$20.6 billion, to over 4 percent, or \$851 billion in 2005.²² China's GDP is the world's third largest at roughly 1/7th that of the United States, yet because of its population of 1.3 billion, on a per capita basis, China is ranked roughly 100th in the world and considered a low-income developing country.²³ Many economists believe that with the latent potential of a rapidly emerging middle class, China has the potential to continue its impressive growth for many years to come.²⁴

An ever-increasing demand for energy fuels China's growth. The majority of China's energy requirement, 70 percent, is currently met by coal—China is the world's largest producer and consumer of coal.²⁵ Twenty-five percent is met by oil, 3 percent by natural gas, and the remaining 2 percent by other energy sources, including nuclear and hydroelectric power.²⁶ Although coal will remain preeminent, oil consumption is expected to grow at an average annual rate of 5.8 percent for the next 10 years.²⁷ In 1985, China was East Asia's largest petroleum exporter;²⁸ in 1993, China became a net oil importer;

and in 2004, China leapfrogged Japan to become the world's second largest oil importer.²⁹ Roughly 40 percent of all new world oil demand is attributable to China's rising energy needs.³⁰ Secure access to foreign oil resources will be necessary both for continued economic growth and, because growth is the cornerstone of China's domestic stability, for the survival of the Chinese Communist regime.³¹

Securing Sea Lines of Communication. The geopolitical strategy dubbed the "String of Pearls" is arising as foreign oil becomes a center of gravity critical to China's energy needs. China's energy acquisition efforts are expanding globally throughout the Middle East, Central Asia, Africa, and the Americas.³² Table 1 lists sources of China's crude oil imports by region and country. Note that over 70 percent of China's oil imports come from the Middle East and Africa, all of which are transported by sea. Although China seeks to obtain secure supply lines and reduce dependence on a limited number of energy suppliers, sea transport from the Middle East and Africa will remain the primary mode of petroleum import for the foreseeable future. China has demonstrated a long-term commitment to these supply sources as evidenced by relationships with Middle Eastern and African oil exporters. Saudi Arabia is China's largest crude oil supplier, and the Saudi national oil company, Aramco, is a 25 percent investor in China's biggest refinery and petrochemical complex.³³ China recently signed a 25-year oil and natural gas deal with Iran, its biggest ever, worth over \$70 billion.³⁴ In Africa, China has invested \$3 billion to develop Sudan's unexploited oil resources, including a 930-mile pipeline, a refinery, and a sea port.³⁵

Region and Top Three Suppliers	Percentage of Total Supply				
	1994	1999	2001	2003	2004
Middle East				50.9	45.4
Saudi Arabia	*	6.8	14.6	16.7	14.0
Oman	27.3	13.7	13.5	10.2	13.3
Iran	*	10.8	18.0	13.6	10.8
Africa				24.3	28.7
Angola	3.0	7.9	6.3	11.1	13.2
Sudan	—	—	8.3	6.9	4.7
Congo	—	—	*	3.7	3.9
Europe				9.6	12.9
Russia	—	*	2.9	5.8	8.8
Norway	—	5.5	*	1.0	1.6
United Kingdom	—	6.0	*	*	*
Americas				*	1.5
Brazil	—	—	—	*	1.3
Venezuela	—	—	—	*	*
Canada	—	—	—	—	*
Asia-Pacific				15.2	11.5
Vietnam	4.9	4.1	5.6	3.8	4.4
Indonesia	38.3	10.8	4.4	3.7	2.8
Malaysia	*	*	*	2.2	1.4

Legend: "—" no imports; "*" imports of less than 1 percent.

Table 1. China's Oil Imports by Country of Origin.³⁶

Presently, transport by sea is China's most viable mode of energy supply. China has energy projects in Central Asia, such as an agreement to develop oil and gas fields in Kazakhstan and agreements to construct pipelines in Kyrgyzstan and Turkmenistan, among others, but the projects have proven expensive, logistically difficult, and complicated by inadequate infrastructure in western China.³⁷ Central Asia also is plagued by regional instability which adds to the uncertainty of future development and long-term reliability. The China National Petroleum Corporation (CNPC) negotiated a deal with the Russian oil giant, Yukos, in 2003, but the venture fell apart when the Russian government first dismantled Yukos and then accepted Japan's higher bid on the project.³⁸ For the foreseeable future, China will depend heavily on international sea-lanes, through the Strait of Malacca and other navigational chokepoints, to import oil from the Middle East and Africa.

Ni Lexiong, a professor of military studies at Shanghai Normal University and director of the Institute for War Culture and International Politics, is a strong proponent for the development of sea power to protect China's SLOCs. Although he is not an official spokesman of the CCP or the PLA, he writes on matters of strategy and defense and proposes that China drastically increase its naval budget, discounting the "romantic" notion that international cooperation reliably can keep SLOCs open, and that China should not fear provoking a strong reaction to its naval buildup from the United States.³⁹ Chinese strategists such as Ni consider access to the sea an indispensable condition and decisive factor for China's rise. Vulnerability of SLOCs is perceived as a geopolitical risk because China's current means of protecting these sea routes is extremely limited, as the chokepoint at the Strait of Malacca clearly illustrates. SLOCs connecting China with Africa and the Middle East pass through the Strait of Malacca, a narrow passage jointly administered by Singapore, Malaysia, and Indonesia. Ninety-five percent of the oil used in China is transported by sea, and 80 percent of that is shipped through the strait.⁴⁰ Shipping in the strait is extremely crowded, and it is a haven for pirates and terrorists. According to the International Maritime Bureau's annual piracy report, 37 incidents occurred in the Malacca Strait in 2004, many of which "involved the crew being kidnapped for ransom" or "attacked by machine guns and rocket launchers."⁴¹ Malacca is along China's "seaborne oil lifeline," but it is beyond the reach of the Chinese Navy.⁴² The Malacca Strait problem is a prime example of why China is pursuing the "String of Pearls" strategy.

III. STRATEGIC ANALYSIS

Dependence on overseas resources and energy supplies, especially oil and natural gas, is playing a role in shaping China's strategy and policy. Such concerns factor heavily in Beijing's relations with Angola, Central Asia, Indonesia, the Middle East (including Iran), Russia, Sudan, and Venezuela—to pursue long-term supply agreements—as well as its relations with countries that sit astride key geostrategic chokepoints—to secure passage. Beijing's belief that it requires such special relationships in order to assure its energy access could shape its defense strategy and force planning in the future. Indicators of such a shift would include increased investment in a blue-water capable fleet and, potentially, a more activist military presence abroad.

The Military Power of the People's Republic of China,
Department of Defense Annual Report to Congress, 2005⁴³

Strategic Context.

With an understanding of what the "String of Pearls" is, and how and why it is a manifestation of China's development, we now turn to a multilevel analysis of the implications and repercussions of the "String of Pearls." This analysis will first examine China's grand strategy of "peaceful development" in the context of the global security environment and its implications for U.S. foreign policy. The security guaranteed by American primacy in Asia has enabled the United States to provide a public good for the region by facilitating freedom of navigation on the high seas. The question implicit in the "String of Pearls" is whether a rising China will continue to cede security guarantees to the United States or if China one day will make a bid for regional primacy. China's efforts to develop the "String of Pearls" not only supports "peaceful development," but also supports a hedging strategy if needed. By constantly assessing regional geopolitical developments as well as specific military challenges, the United States must remain vigilant for the indicators and warnings that will reveal the future direction of China's policy and strategy. This section also assesses areas of convergent and divergent national interests to illustrate the complexity of U.S.-China relations and the various factors that affect the policies of both nations. Next, the analysis outlines U.S. policy options in response to the "String of Pearls" before turning to broad recommendations for the U.S. military in the final section.

China's "Peaceful Development." The United States can formulate an appropriate response to the geopolitical and military aspects of China's "String of Pearls" only by understanding China's grand strategy in the context of the global security environment. China's increasing economic, diplomatic, and military power has attracted attention in recent years and begs the question, "How should the world, and especially the United States, respond to this emerging great power?" The Chinese government has identified three stages of planned development with a time horizon of 50 years. In the first stage, from 2000 to 2010, China hopes to double GDP. The PRC is on track to meet this goal. In the second stage, ending in 2020, total GDP is to be doubled again such that GDP on a per capita basis is expected to be approximately \$3,000. In the final stage, from 2020 to 2050, China expects to join the middle rung of advanced nations as a prosperous, democratic, and modernized socialist country.⁴⁴ China will then claim to have succeeded in achieving a "peaceful development."

According to Avery Goldstein, "peaceful development" was a strategy adopted by China beginning in the mid-1990s to enable economic growth and modernization, while mitigating the risk that other nations might perceive China as a threat.⁴⁵ He proposed four factors to explain China's approach. First was the realization by Chinese policymakers that a multipolar world was not going to emerge at the end of the Cold War. Beijing assumed that the United States would remain preeminent as the global hegemon in a unipolar world and, as such, China would be forced to operate in an environment where the United States could frustrate China's ambitions.⁴⁶ The second factor was acknowledgement of China's weakness relative to the leading nations of the world. Despite China's rapidly growing economic and

military capabilities, it still lagged far behind in industrial capacity, modernization, and technology. This weakness was especially poignant as China witnessed American military dominance in Operation DESERT STORM and Kosovo, highlighting to the PLA how inferior its military capabilities were in relation to the United States and its allies.⁴⁷ Third was nervousness about adverse international reaction to a rising China and the possibility of the United States adopting a Cold War-style containment policy toward China.⁴⁸ And fourth, ongoing tension over Taiwan clarified for Beijing that the United States was committed to Taiwan's security, and that a strong likelihood of U.S. intervention existed if China used force to press its sovereignty claim over the island. In the event of war over Taiwan, China would engage the United States with an outclassed military amid worldwide condemnation.⁴⁹ These four factors had broad implications for the evolution of Chinese foreign and military policy.

As a relatively weak state, but one with growing power and global aspirations, China's current foreign policy is designed to enhance the PRC's reputation as a responsible and cooperative international actor. China seeks to reassure neighbors that her power is restrained and nonthreatening. Beijing's response to the Asian financial crisis in the late 1990s is touted as an example of this effort, as is China's embrace of multilateralism such as participation in the Association of Southeast Asian Nations (ASEAN) and its leading role in the SCO and the East Asia Summit.⁵⁰ Another aspect of Chinese foreign policy has been a concerted effort to improve bilateral relations with the world's major powers in order to reduce the risk of states joining in a united front to block China's rise.⁵¹ China's strategy of "peaceful development," as such, would appear responsible and nonthreatening, raising few concerns in the international arena. One must recognize, however, that this is explicitly a transitional strategy, designed for the decades it will take for China to rise. If China successfully emerges as a great power, will it seek to participate in the international system as, to use Deputy Secretary of State Robert Zoellick's expression, a responsible stakeholder?⁵² Or, with economic clout and military muscle, will China become a disruptive, revisionist power determined to alter the international system to its advantage?⁵³

China's ultimate answer to those questions is not only uncertain, but simply cannot be known. Even if Chinese leaders are sincere in their peaceful intentions today, we cannot possibly know how the Chinese government will pursue its interests in decades to come, or how it will act in a changed international environment.⁵⁴ Since 1998, China explicitly has articulated its desire for a multipolar world in its "new security concept," implying that China would like America's "unipolar moment" to end.⁵⁵ Beijing's "new security concept" is an indication of China's dissatisfaction with the international system that emerged following the Cold War and was a direct reaction to policies and actions that China perceived as threatening, especially Washington's strengthening of alliances with Japan, Australia, and other regional states.⁵⁶ From a U.S. perspective, China's "new security concept" is disconcerting in its anti-American rhetoric and call to exclude U.S. regional influence.⁵⁷

If the areas of conflict between China and the United States are, in fact, manageable rather than intractable, then they both have a window of strategic opportunity to secure a peaceful and mutually beneficial coexistence. Deliberate, sensible policy over the course of the coming decades will provide both nations the opportunity to gauge progress and learn whether long-term accommodation is possible.⁵⁸ Over time, China will learn whether the United States is willing to accept a more powerful China with global influence, and the United States will learn whether China is emerging as a responsible great power with which peaceful coexistence is possible without sacrificing American vital interests.⁵⁹ Conflicting interests do not yet overwhelm the common interests in U.S.-China relations. Reviewing the potential challenges posed by the "String of Pearls" will help us understand how this strategy fits with China's "peaceful development" and understand how it could be a measured and prudent hedging strategy or, conversely, the genesis of a bid for regional dominance.

Challenges Posed by the “String of Pearls.”

The “String of Pearls” presents a complex strategic situation with many facets. U.S. policymakers’ major concerns are the potential for competition with China for regional influence, China’s relationship with rogue states, and China’s military modernization. The collapse of the Soviet Union facilitated the growth of China’s influence and presence along the “String of Pearls” in the South China Sea, Indian Ocean, and Arabian Sea, by allowing Beijing greater strategic latitude. China’s growing regional influence is sparked not only by a strong economy, but also by strategic ambition and a sense of historical grievance. The collapse of the Soviet Union and withdrawal of Soviet forces from Mongolia removed pressure on China’s northern and western borders. To the south, Vietnam was deprived of support from its Soviet benefactor and forced to withdraw from Cambodia, which also relieved pressure on China. China also sought to relieve pressure from India by providing Pakistan with missile and nuclear weapons technologies.

Thus, with reduction of strategic pressure on its land borders, China is asserting claims in the East China and South China Seas, as well as exerting influence in the Indian Ocean. The Taiwan problem will be addressed later in this paper, but essentially this issue has ossified into a status quo because China is checked by U.S. security guarantees to Taiwan and Taiwan is pressured by the United States to refrain from making an outright declaration of independence. The maritime frontier beyond Taiwan, especially along the “String of Pearls,” is an area where China can make strategic advances to expand power and gain influence. This opportunity, coupled with the previously explained motives to secure maritime trade routes and energy supply routes along vital SLOCs, best explains the “String of Pearls” in its geopolitical context.

Competition for Regional Hegemony. As China rises in power and influence, the course of China’s development will be determined by its decision either to join fully the community of nations as a responsible stakeholder or, alternatively, a decision to play by its own rules. China’s diplomatic and economic activity is geared towards securing markets for exports, obtaining raw materials and energy resources, and enhancing its international stature. Simultaneously, China has exercised its diplomatic and economic instruments of national power to isolate Taiwan and reduce the regional influence of the United States. For example, in July 2005, President Hu signed a joint statement issued by the SCO calling for Washington to dismantle its air bases in Kyrgyzstan and Uzbekistan that had been established to support the war in Afghanistan.⁶⁰ Although the SCO was not adamant on the timetable for withdrawal, this pressure on the United States is just one example of a broader willingness by China to challenge U.S. influence in an area perceived as China’s backyard.⁶¹ Another example is the East Asia Summit (EAS), a new 16-nation regional forum that purposely excluded participation of the United States. Russia was invited as an observer at the inaugural meeting in Kuala Lumpur last December, but no such invitation was extended to the United States. China has sought to use the new forum as a platform for its growing influence and as a counterpoint to the Asia-Pacific Economic Cooperation (APEC) forum, where Washington is a key participant.⁶²

China’s behavior in the SCO and EAS serve as counterpoints to Beijing’s claim that it is pursuing harmonious “peaceful development” with the United States. Other recent events also reveal the limitations of China’s moderation, positive outreach, and benign influence. During an official visit to Australia, a senior Chinese diplomat warned Canberra to refrain from siding with the United States in any military contingency involving Taiwan despite Australia’s ANZUS treaty commitments.⁶³ China also pressured Singapore’s incoming prime minister to scrub plans for an official state visit to Taiwan.⁶⁴ Sino-Japanese relations, historically very tense, worsened when a Chinese nuclear-powered submarine intruded into Japan’s territorial waters near a disputed gas field in November 2004.⁶⁵ And a Chinese dispute with South Korea over the history of the Goguryeo Kingdom sparked strong nationalist responses in both countries.⁶⁶

Despite these tensions, Chinese leaders have not placed severe demands on neighboring governments or pressured them to do things they would not otherwise be inclined to do. China is aware of the possibility that its growing stature could be construed as a threat to other countries in Asia, so a generally benign approach to gain influence is pursued through the use of investments, development packages, and diplomatic gestures.⁶⁷ China's behavior largely has been consistent with its policy and rhetoric. As a result, China, according to a survey by the Pew Research Center in June 2005, is viewed more favorably in Asia than the United States is despite the authoritarian nature of its domestic politics.⁶⁸ Such soft power, however, may not be decisive when crises arise which force governments to make difficult decisions.

The balance of power throughout the "String of Pearls" region has shifted and will continue to shift as China grows in strength and stature. Changes to this balance are primarily economic, diplomatic, and "soft power" changes. In a unipolar world, U.S. influence may seem to diminish as China's influence grows, but regional states are not prohibited from maintaining favorable relations with both the United States and China. During the Cold War, or during any period of international tension, states typically aligned themselves with one side or another, fostering strong security relationships and creating blocs of allied nations. Presently, with the United States as the unquestionable military superpower, nations are discovering that they do not have to choose sides in the economic or diplomatic arena. Militarily, the entire region is dominated by the United States and will continue to be so dominated for the foreseeable future, presumably through the first half of the 21st century. As long as China does not pose a military threat and the United States is able to guarantee regional stability, nations are free to accommodate China's economic and diplomatic rise to their benefit.

The United States should expect countries like Pakistan, Myanmar, Cambodia, and Vietnam to welcome overtures from China. Even America's staunchest regional allies—Japan, South Korea, Australia, and the Philippines, for example—increasingly find it in their self-interest to improve ties with China. The United States also should expect occasional expressions of reticence over U.S. military presence throughout the region. This will not necessarily indicate a diminished friendship with America; rather it is a symptom of the perception that a peaceful region does not require U.S. military presence. This perception is a fallacy, however, since security is illusory. The United States can accommodate military sensitivities with a less visible presence or reduced footprint, but America cannot afford to abandon its military commitments in Asia. In the event China chose to pursue a more aggressive course, by seeking hegemony along the "String of Pearls," the challenge to the United States could not be ignored. In the interim, even as nations delicately balance their relationships with United States and China in pursuit of their own self-interest, America needs to keep her alliances in good stead while encouraging China's further participation in the international system as a responsible stakeholder.⁶⁹

China's Relationships with Rogue States. China's approach to relations with states in the "String of Pearls" region appears to be amoral or value-neutral with regard to ideological or human rights concerns. China is focused on achieving practical strategic objectives and maintains favorable relations with "rogue states" that have histories and reputations of behavior objectionable to the world community—weapons proliferators, human rights abusers, aggressive military postures, and supporters of terrorism, for example—without exerting influence to change aberrant policy or behavior.⁷⁰ China's engagement with rogue states such as Myanmar, Iran, and Sudan undermines attempts by the West to isolate or effect change in those regimes.⁷¹ At the EAS in December 2005, China dissented from fellow Southeast Asian nations' intense censure of Myanmar and dismissed that country's abhorrent human rights situation by stating it was an internal matter for Rangoon's military rulers to decide.⁷² As part of Deputy Secretary Zoellick's call for China to become a responsible stakeholder in the international system, he stated that China's actions with respect to Iran's nuclear program will reveal the seriousness of China's commitment to nonproliferation.⁷³ Deputy Secretary Zoellick conveyed to Beijing that the United States

thinks of China as an equal and important member in the current international system and that China shares an interest in maintaining that system. In Sudan, where the CNPC controls more than 40 percent of oil production and China is the country's largest trading partner, Beijing should have enough clout and influence to modify the behavior of a government that has given safe harbor to al-Qa'ida and other militants, and has been implicated in abetting the ongoing genocide in the Darfur region.⁷⁴ Beijing could improve its international image by encouraging policy shifts in Khartoum, but so far has shown no inclination to do so.⁷⁵

Washington would like for China to leverage its influence to effect positive change. If China fails to appreciate the benefits of such enlightened self-interest and continues to pursue short-sighted objectives, there will likely be destabilizing consequences. China is at a strategic crossroads and if Beijing does not assume the role of responsible stakeholder, then the United States may resort to pressuring China through actions ranging from unfavorable economic policies to overt calls for social and political change.⁷⁶ If China remains recalcitrant or promulgates policy counter to U.S. interests, this will be a clear warning of pending economic, diplomatic, or even military confrontation between the United States and China.

China's Military Modernization. The modernization of the PLA is a tangible manifestation of China's growing national power. The 2006 *Quadrennial Defense Review* cautions that, of the major and emerging great powers, China has the greatest potential to compete militarily with the United States and field disruptive military technologies that could, over time, offset traditional U.S. military advantages.⁷⁷ Regardless of China's intent today, powerful and modernized armed forces provide China with military capabilities that the United States must consider. With near-term focus on Taiwan, PLA modernization efforts appear to be aimed specifically at combating U.S. maritime forces that might be called to defend Taiwan and at denying the United States access to regional military bases in locations such as Japan and South Korea. Many of China's new weapon systems are applicable to a range of operations beyond the Taiwan Strait. The expanding capability of China's military power threatens not only Taiwan – and therefore the United States – but also challenges U.S. friends and allies throughout the Western Pacific, Southeast Asia, and South Asia.⁷⁸ Unchecked or disproportionate, China's military modernization could lead to a major reordering of the balance of power throughout the Pacific.

China began modernizing its armed forces and procuring sophisticated weapons after observing the overwhelming success and technological prowess of the U.S.-led coalition during the 1991 Persian Gulf War. This was signaled by the PLAAF's purchase of 24 Su-27 advanced all-weather fighters from Russia in 1992, China's first venture into fielding a first-rate air force. In 1993, China began the acquisition of advanced surface-to-air missiles, towed-array anti-submarine sonar, multiple-target torpedo control systems, nuclear submarine propulsion systems, and technology to improve the range of its undersea-launched cruise missiles.⁷⁹ The Su-27s and these other military systems procured from Russia enhanced China's power projection capability and heightened the threat to Taiwan.⁸⁰ In 1999, China signed a contract with Russia for 40 Su-30 ground attack aircraft and a contract for approximately 40 more was signed in 2001.⁸¹

In the 1990s, the PLAN expressed interest in acquiring aircraft carriers, and more recently military leadership has stated China's intent to build aircraft carriers, true instruments of power projection. Rhetorical statements aside, there is no evidence of China's furthering this ambition, either because of Chinese restraint and strategic forethought in accordance with the country's overall "peaceful development" strategy, or because the PLAN is not robust or mature enough to put a carrier to sea without incurring substantial risk.⁸² Deploying an aircraft carrier would not occur overnight, and the PLAN is certainly many years away from actually launching one. In 1994, China began modernizing its submarine fleet with the purchase of four Russian *Kilo*-class attack submarines, followed by a subsequent agreement to purchase eight more in 2002.⁸³ China also has purchased four *Sovremenny*-class destroyers

equipped with the SS-N-22 advanced anti-ship cruise missile. These *Kilo*-class submarines and guided-missile destroyers pose an acute threat to U.S. aircraft carriers and provide China with greater latitude to project power at sea than any previously possessed.⁸⁴ Table 2 lists the major weapon systems that comprise China's military modernization and the projected weapon system inventories of today and the year 2020.

Military Modernization of the People's Liberation Army	Inventory 2005 (estimated)	Inventory 2020 (projected)	Remarks
PLAN			
Surface Combatants			
DDG Type 51	16	11	Soviet-built destroyer c.1970s
DDG Type 52 (A, B, and C)	7	7	Soviet-built destroyer c.1980s
DDG Sovremenny-class	4	12	Russian-built destroyer c.1990s
Submarines			
SSAN (older models)	~40	~40	Various Soviet-era older subs
SSAN Kilo-class	4	10	Modern Russian attack submarine
Naval Aviation			
Su-30 Flanker	24	48	Naval attack variant of Su-27
PLAAF			
Naval Aviation			
Attack			
JH-7 Jianhong	—	200	FBC-1 produced as export variant
Su-30 Flanker	76	76	Ground attack variant of Su-27
Q-5 Fantan	300	300	Ground attack variant of the J-6
Fighter			
J-11	115	200	Su-27SK produced under license
Su-27UBK Flanker	35	40	Purchased from Russia
J-10	48	see note*	Based on Israeli Lavi fighter
J-8	164	—	Two engine MiG-21 derivative
J-7	686	—	MiG-21 derivative, retiring (?)
J-6	350	—	MiG-19 derivative, retired by 2006
Bomber			
H-6	80	—	Tu-16 derivative
H-9	—	???	Speculated to be in development
Tanker			
H-6U	10	10	Modified H-6, J-8 receiver only
IL-78	—	8	Limited procurement from Russia
Airlift			
IL-76	20	50	Airdrop capable
Y-8	48	48	An-12 produced under license
Y-7	100	100	An-24 produced under license
*Production projections for the J-10 vary from a low estimate of 300 aircraft to a high estimate of 1,200.			

Table 2. China's Military Modernization.⁸⁵

Current assessments do not conclude that China poses a credible military threat to the United States, although the modernization trend is alarming to many observers. Since 1996, China has increased its defense spending by more than 10 percent in real terms in every year except 2003.⁸⁶ Growth in China's power projection capability will lead the United States and other nations to question China's intentions and adjust their military postures accordingly. Secretary of Defense Donald Rumsfeld warned, "The rapid, nontransparent nature of [China's] buildup contributes to uncertainty."⁸⁷ Speaking for the Bush

administration, Deputy Secretary Zoellick called upon China to “openly explain its defense spending, intentions, doctrine, and military exercises to ease concerns about its rapid military buildup.”⁸⁸ Beyond Taiwan, China’s evolving maritime power suggests that the PLAN is concerned with protecting SLOCs to keep open the “choke points” relevant to safeguarding trade and ensuring uninterrupted transport of energy resources.⁸⁹ This is consistent with China’s expansion along the “String of Pearls,” however with the exception of “fishing trawlers” occasionally found mapping the ocean floor to facilitate submarine operations, the PLAN has yet to flex any “blue water” muscle.⁹⁰ It may only be a matter of time, perhaps precipitated by a security or energy crisis, before China, bolstered by newly acquired ships with modern weapon systems, feels the need to deploy a military presence into the “String of Pearls” region.

China’s military modernization concerns the United States due to China’s lack of transparency and the uncertainty of not knowing what military capabilities China is pursuing. According to Henry Kissinger however, U.S. policy in Asia must not mesmerize itself with a Chinese military buildup.⁹¹ The PLA suffered decades of neglect while Beijing focused on China’s economic and internal reforms. Even at current high estimates, the Chinese military budget is less than 20 percent of American defense spending; and is only slightly ahead of “demilitarized” Japan’s defense budget. When considering the nations on its border, Chinese defense spending is far less than the combined military expenditures of Japan, India, and Russia.⁹² China must consider the risks and costs of the military dimension of its “String of Pearls” strategy. The perception of an aggressive military buildup likely would create a counterbalancing effect detrimental to Chinese interests. Even a limited forward military presence, to “show the flag,” or as a hedge in case U.S. security guarantees fall short, could conflict with China’s path to “peaceful development” and be counterproductive toward China’s achieving its larger national objectives.

For now, the strategic challenges posed by China for the United States are primarily political and economic. Although China’s military modernization and power projection capability severely lags the United States, the PLA’s existing military capability, when considered in the geopolitical context of East Asia, can pose major problems for American security interests.⁹³ If the “String of Pearls” is a disguise for hegemony, then China will likely pursue a patient, deft, and subtle approach. The United States must maintain constant vigilance for the indicators and warnings of such intent, but dramatic changes in the balance of power will not occur overnight and certainly not at China’s current stage of development. China’s behavior should alarm Washington if the “String of Pearls” results in states being forced to distance themselves from the United States and gravitate towards China. China’s behavior with respect to rogue states also will reveal Beijing’s intentions in the region if China fails to act as a responsible stakeholder in the international system. Militarily, continued lack of transparency, pursuit of a “blue water” navy, procurement of weapon systems specifically designed to counter U.S. forces, or deployment of a forward military presence aimed at excluding U.S. access are some of the indicators and warnings that should alert Washington to nefarious intent behind the “String of Pearls.”

U.S. Strategic Options.

The “String of Pearls” can serve as a litmus test for the future course of U.S.-China relations. Of the areas where American and Chinese interests are interlinked, the issues relating to the “String of Pearls” are the most dynamic and immediate. This section of analysis will illustrate the complexity of the U.S.-China relationship by reviewing areas of convergent and divergent national interests. Policy options range from optimistic to pessimistic, depending on assumptions regarding the nature of the U.S.-China relationship and the ultimate intent in Beijing for a China with great power status. China and the United States are at a crossroads and have a window of opportunity to determine the future security environment in Asia. Once the course is set, for better or worse, it will be difficult to change. How should the United States meet this challenge – politically, economically, and militarily?

Areas of U.S.-China Convergence. A turning point in the Cold War was February 1972 when President Richard Nixon traveled to Beijing and began the process of normalizing diplomatic relations between the United States and China. A common interest in opposing the Soviet power that threatened both nations was the reason for this dramatic shift in the global balance. The two countries were willing to set aside differences over security issues, including contentious Taiwan, a problem that had twice brought them to the brink of war in the 1950s.⁹⁴ From rapprochement until the collapse of the Soviet Union, China and the United States were allies of convenience, with little illusion of a true partnership on either side. Toward the end of the Cold War, and especially following China's severe repression at Tiananmen Square in 1989, unresolved strategic tensions again resurfaced as China and the United States became strategic competitors in the new world order, albeit with strong incentives for continued peaceful coexistence.

Strongly linked economies with robust trade is the defining characteristic of the current U.S.-China relationship. According to the U.S.-China Economic and Security Review Commission, China is the third largest U.S. trading partner, after Canada and Mexico, with combined two-way imports and exports exceeding \$231 billion in 2004. This amounts to an almost five-fold increase in the decade since 1994.⁹⁵ The United States is China's largest trading partner, followed by Japan, South Korea, and Taiwan. The top four U.S. imports from China in the first half of 2005 were power generation equipment (\$24.3 billion), consumer electronics (\$21.6 billion), apparel (\$8.3 billion), and furniture (\$8.1 billion).⁹⁶ Top U.S. exports to China during the same period were power generation equipment (\$3 billion), electrical machinery (\$2.8 billion), and aerospace equipment (\$1.8 billion).⁹⁷ Some issues and problems surround the trade relationship between the United States and China – such as a recent trade imbalance of \$165 billion, China's undervalued currency, trade subsidies, intellectual property rights issues, China's influence on U.S. capital markets, and technology transfer – but despite these concerns, the economies of China and the United States are linked inexorably with net benefit to both nations.⁹⁸

Besides their economies, China and the United States have important mutual security interests that provide opportunities for cooperation and strong incentives to manage and mitigate bilateral tension. Both China and the United States are exposed to the challenges of globalization and other transnational security concerns. Combating terrorism, maintaining freedom of navigation on the high seas, protecting the environment, and public health issues such as AIDS and Avian Flu are examples of such security interests. President George W. Bush, in the *National Security Strategy* (NSS), stated that our mutual interests can guide our cooperation on issues such as terrorism, proliferation, and energy security.⁹⁹ Secretary Rumsfeld, during an October 2005 visit to China, stated that “in an era of increasing globalization, threats such as nuclear proliferation, terrorism, and infectious diseases – are transnational in nature, and require cooperative efforts.”¹⁰⁰ Examples of U.S.-China cooperation are abundant. The Bush administration has approached the crisis posed by North Korea's nuclear weapons program in a consultative manner acceptable to China, publicly acknowledging China's contributions in the Six Party Talks and boosting Beijing's international prestige.¹⁰¹ China also has broadly supported the American Global War on Terrorism (GWOT) and avoided criticism of U.S. policy in Iraq. While the GWOT has enhanced reasons for cooperation and reduced confrontation, future developments in the GWOT could disadvantage the United States potentially, inducing China to probe U.S. weakness or, conversely, U.S. assertiveness potentially could alarm China and prompt resistance to U.S. policy.¹⁰²

Areas of U.S.-China Divergence. More concerning, and perhaps more significant for the long-term health of the U.S.-China relationship, are areas of divergent national interests. Although China and the United States share many congruent interests, there also are areas of friction. Next, we will review briefly a few of the troubling issues that define the global security relationship between the United States and China including Taiwan, the Korean Peninsula, weapons proliferation, and trade policy. Although other issues, such as human rights, democratic reforms, and freedom of information are contentious, they are not as potentially destabilizing as the concerns addressed here.

The most dangerous tension involves the issue of Taiwan. The Taiwan problem is at the center of Chinese politics because no Chinese leader can afford to appear soft on reunification. Due to the nationalistic sentiment on the Mainland, the United States must not risk pushing Beijing into a corner over Taiwan's sovereignty when China's leaders and public opinion may not think or act "rationally."¹⁰³ U.S. policy remains focused on seeing a peaceful resolution of cross-strait differences in a manner that is acceptable to the people on both sides of the Taiwan Strait.¹⁰⁴ Forceful reunification of Taiwan, something the mainland has not renounced, is an untenable solution for the United States. Although acknowledging China's claim to Taiwan, the United States is committed to its long-standing security guarantees to Taiwan in order to deter overt Chinese aggression. Washington will not permit China to determine who rules Taiwan, but neither will it permit Taiwan to declare outright independence and instigate war between the United States and China. Hence the United States maintains the "One China" policy first outlined in the Shanghai Communiqué following President Nixon's opening of China in February 1972.

Apart from Taiwan, the Korean Peninsula is another potential source of conflict. Beginning in the mid-1990s, China began to participate actively in international efforts to reach a solution to the Korean impasse and supported public efforts to find ways to curtail proliferation of North Korea's nuclear program.¹⁰⁵ Given the slow progress of the recent Six Party Talks, primarily due the intransigence and lack of reciprocity from Pyongyang, containment will likely continue to be the U.S. policy towards North Korea. America's strategic interest on the Korean Peninsula is regional stability, especially with respect to the security of Japan and potential disruption of economic activity in the region. The United States is willing to serve as the security guarantor for Japan because a demilitarized Japan reduces angst in East Asia and sets conditions for economies to thrive in the region. U.S. policy is vulnerable because America's military presence on the peninsula depends on Seoul's acquiescence. Partly as a consequence of South Korea's "sunshine policy" towards North Korea and resultant pan-Korean nationalism, anti-American and anti-Japanese sentiment are rising on the peninsula.¹⁰⁶ In December 2002, Roh Moo-hyun was elected President of South Korea after stating during his election campaign that, in the event North Korea and the United States went to war, South Korea should remain neutral.¹⁰⁷

Taiwan and the Korean Peninsula are frequently areas of high tension, but also areas where slow deliberate strategic maneuvering occurs. Another area of broad strategic concern for the United States is China's involvement with weapons proliferation. China's proliferation practices are wide-ranging, and Beijing continues to provide equipment and technology, including dual-use equipment and technology related to weapons of mass destruction (WMD) and their delivery systems, to rogue states such as Iran.¹⁰⁸ Chinese assistance helped Pakistan develop nuclear weapons as a strategic counterweight against India but subsequently A. Q. Khan, the head of Pakistan's nuclear program, engaged in widespread proliferation. He sold nuclear technology to Iran and allegedly provided Libya with plans to build a nuclear weapon of Chinese design.¹⁰⁹ The U.S. policy toward Chinese proliferation is two-pronged—official dialogue with the Chinese government and aggressive sanctions on Chinese companies that proliferate. Sixty-two such sanctions were imposed during the first term of the Bush administration (2001-04).¹¹⁰ Deputy Secretary Zoellick called upon China to police proliferation through export controls on sensitive technologies and pursue tough legal punishment for violators.¹¹¹ China's record is not encouraging, but Washington wants to convince Beijing that working with the United States to halt the proliferation of WMD and their delivery systems is in the best interest of both nations. Otherwise proliferation could undermine the benign security environment and healthy international economy that China needs for successful development.¹¹²

Trade between the United States and China continues to expand at a rapid pace and can be a win-win venture for both nations. In the early years of its market reforms, China was perceived by U.S. business as a land of opportunity for investment and for the lucrative potential of a huge consumer

market. Today, however, anxiety is growing in the U.S. business community due to worries about China's undervalued currency, extensive government subsidies, weak intellectual property protection, and repressive labor practices.¹¹³ Because China is in violation of agreements and reforms promised in order to obtain admission into the World Trade Organization (WTO), a highly skewed bilateral trade relationship exists between the United States and China. This economic relationship is marked by a soaring U.S. trade deficit and a weakening competitive position for many U.S. firms.¹¹⁴ Unlike the free trade philosophy of the WTO, China's economic policies are designed to serve its domestic market and enhance its ability to thrive as a manufacturer of export goods. Deputy Secretary Zoellick labeled China as mercantilist due to its protectionist stance and opaque economic policies. He warned that the United States will not be able to sustain an open international economic system – or domestic U.S. support for such a free trade system – without greater cooperation from China as a responsible stakeholder in the international economic system.¹¹⁵ President Bush, in the NSS, called upon China to make important contributions to global prosperity and ensure its own prosperity for the long term by relying more on domestic demand and less on global trade imbalances to drive its economic growth.¹¹⁶ Although not a direct military threat to security, an unbalanced or failed economic relationship between China and the United States could be just as destabilizing, with grave repercussions to the national security of both nations.

In the context of the “String of Pearls,” multiple strategic options present themselves to both nations. Since we cannot truly know China's strategic intent or future policy, we must focus on options available to the United States to shape and influence both the security environment and China's policy options. China also must be afforded the opportunity to gauge U.S. policy and intentions in the region. Current policy debate in Washington is wide ranging, varying from optimistic strategies of cooperation to hard line, confrontational strategies of containment. The two poles of U.S. strategic options, optimistic and pessimistic, will be reviewed next, followed by a recommendation for the United States to pursue a substantive and results-oriented pragmatic strategy of engaging China, drawing China into the international community, and maintaining U.S. diplomatic, economic, and military leadership in the region.

Optimistic Approaches. For the present, China's “peaceful development” seems generally benign and advantageous. One optimistic approach for the United States would be to maintain economic relationships in Asia but reduce America's military presence as China and other regional states assume responsibility for their own security. This “neo-isolationist” approach would benefit the United States in the short term by reducing the burden of security commitments.¹¹⁷ America would reap a “peace dividend” as the United States reduced its costly military commitment to the region. This approach is flawed primarily because the strategic interests of the United States, as a nation whose security is based on maritime power, are best served by continued forward deployment and enduring alliances in Europe and Asia.¹¹⁸ Isolationism is the most dangerous choice for a maritime power, as Churchill understood in World War II, because it concedes all initiative to one's enemy or, in this instance, one's potential enemy.

Another optimistic approach assumes that the United States and China can reach a strategic accommodation in Asia. The assumption is that Asia can become “bipolar,” with the United States acting as a maritime power and China as a continental power.¹¹⁹ This geopolitical division presumably would reinforce stability and regional security. This theory also is flawed because history does not suggest that such geopolitical asymmetries necessarily mitigate conflict. During the Cold War, the United States was a maritime power and the Soviet Union was a continental power, yet America could not tolerate Soviet domination of Eurasia.¹²⁰ Similarly, the security interests of the United States could not permit Chinese hegemony over Asia.

Other optimistic theories have been put forth as potential solutions to resolve strategic tension in Asia. One popular theory is that economic interdependence will prevent war. East Asia is a region

of economic interdependence, but so, too, was Europe in 1914. It is a fallacy to believe that economic interdependence can guarantee security. It also is a fallacy to assume that democracy is a panacea. Japan has the most mature democracy in Asia, yet tensions with South Korea actually increased as anti-Japanese nationalism rose on the Peninsula with the emergence of a vibrant South Korean democracy. Indonesia also pursued democracy after the ouster of President Suharto in 1998, yet instability persists under a weak central government. A third fallacy is to assume that multilateralism and institutionalism can resolve great power tensions. The United Nations (UN), ASEAN, the ASEAN Regional Forum (ARF), APEC, EAS, and other forums enhance the “stickiness” that can ameliorate tension but of themselves, they are not enough. Limitations of institutions and the “international community” become apparent when national self-interests are in conflict.

Hard Line Containment. There are no guarantees that China will respond favorably to any U.S. strategy, and prudence may suggest to “prepare for the worst” and that it is “better to be safe than sorry.”¹²¹ Is it perhaps better to take a hard line towards China and contain it while it is still relatively weak? Is now the time to keep China down before she can make a bid for regional hegemony? Foreign policy realists, citing history and political theory, argue that inevitably China will challenge American primacy and that it is a question of “when” and not “if” the U.S.-China relationship will become adversarial or worse.¹²²

Problems with a hard line approach are three-fold. First, it would undermine U.S. interests since China would reciprocate hostility towards the United States and not cooperate on the many economic, environmental, and security issues that are crucial to future success and stability in Asia and elsewhere.¹²³ Second, a containment policy towards China would be exceedingly difficult and expensive to implement. Containment likely would fail to isolate China since the ideological and economic walls that made containment of the Soviet Union possible do not exist. It also does not follow that containment of China would benefit the United States, which would likely have few followers in Asia or across the globe.¹²⁴ Countries whose economies are strongly linked to China likely would act in their self-interest and continue their trade relationships with China. Third, and most practical, alarmist calls to deal with a possibly dangerous China overstate the risks of simply watching and waiting, responding as China acts, and adjusting U.S. strategy as events warrant. The United States possesses great advantages over China, both in hard and soft power. China will not emerge as a great power overnight, and it has yet to overcome daunting political and domestic obstacles. America holds all of the high cards – we must be careful not to play our strong hand poorly.¹²⁵

A Pragmatic Approach. Paradoxically, the best strategy for achieving long-term security in Asia is for the United States to maintain strong ties with all the powers of Asia, including China.¹²⁶ These ties should be bilateral and multilateral; diplomatic, economic, and military. Economically and diplomatically, this implies a level playing field where the United States must compete on its own merits. Militarily, the United States must bear the cost of maintaining superior military power to guarantee security and serve as a hedge against a possible future China threat. This does not mean that the United States must bear this burden unilaterally; on the contrary, it is in the interest of the United States to partner with allies whose military capabilities complement our maritime power. The majority of nations will perceive their relationship with the United States in terms of their own self-interests. In the event of tension between the United States and China, or between the United States and any power, they likely will seek to avoid choosing sides if their interests are not at stake.¹²⁷ Similarly, strong diplomatic, economic, and military ties with the United States will induce nations to participate in a multilateral system rather than adopt an anti-American position based on external pressure or Asian nationalism.¹²⁸

Presently, China appears determined to reduce tension with the United States and pursue common interests in ways compatible with U.S. leadership and with regard to regional security, stability, and prosperity. This is in concordance with U.S. policy and should be supported by the United States.¹²⁹

China's neighbors also are committed to a peaceful and cooperative approach towards China and would not welcome U.S. efforts to derail China's development. As China develops, U.S. strategy should seek to maintain America's dominant role as the regional security guarantor and as economic partner of choice.

In the "String of Pearls" region, U.S. efforts should be aimed at broadening and deepening American influence in ways that have wide appeal among the various regional states. U.S. economic and security leadership provides a good foundation for such efforts.¹³⁰ Key partners for securing the SLOCs from the Middle East to Asia are Indonesia, Malaysia, the Philippines, Singapore, and Thailand. These nations are identified explicitly as U.S. key friends and allies in the NSS, but our partnerships should be expanded to include India, Pakistan, and Vietnam.¹³¹ Security in the Strait of Malacca is essential for the region and especially for China, Japan, South Korea, and other nations dependent on the smooth and efficient transit of cargo and energy supplies.¹³² The United States should take a special interest in the Malacca Strait, working together with China, Japan, Thailand, and the countries administering the strait, Malaysia, Singapore, and Indonesia. U.S. participation is an opportunity to build trust and confidence by partnering with allies to counter piracy, prevent terrorism, and ensure freedom of navigation through this vital sea lane. India, another rising power in the "String of Pearls" region, should also be a priority for U.S. efforts. The United States and India share ever closer common interests regarding opposition to radical extremism, nuclear nonproliferation, and integrity of ASEAN.¹³³ A stronger relationship between the United States and India need not assume an anti-Chinese character, nor should it prevent India and China from improving their bilateral relations.

The test of China's intentions will be whether its growing power and influence will be used to exclude the United States from the "String of Pearls" region or whether it will partner with the United States and other nations in cooperative efforts, assuming a role as a "responsible stakeholder." The United States must engage with China, not only economically and diplomatically, but also militarily, to help China deal with the many difficulties it will encounter during its development. At the same time, the United States must invigorate bilateral and multilateral relationships throughout Asia and the "String of Pearls" region to ensure there are no doubts about U.S. commitment and resolve.¹³⁴ These relationships will facilitate a constructive bilateral relationship with China; neutralize a potential "China threat"; and benefit the peace, security, and prosperity of the entire region.

The next and final section of this paper will explore the military instrument of power as it contributes to the overall strategy of the United States with respect to China and the "String of Pearls." Resolving tensions, mitigating risks, and working towards long-term security are primarily diplomatic and economic initiatives. Underpinning the diplomatic efforts and economic relationship, however, is the security guarantee provided by American military power. The U.S. military protects U.S. interests and enhances stability throughout the region. The question for American military strategists is, "How can the military instrument of power best support the strategic interests of the United States considering what we now know about the 'String of Pearls' in the context of U.S.-China relations?"

IV. THE U.S. MILITARY AND THE STRING OF PEARLS

Observe calmly; secure our position; cope with affairs calmly; hide our capacities and bide our time; be good at maintaining a low profile; never claim leadership; make some contributions.

Deng Xiaoping, The "24 Character" Strategy¹³⁵

Leveraging U.S. Military Power.

Analysis of the "String of Pearls" in the previous section revealed that the challenges surrounding this issue are primarily diplomatic and economic. Underpinning and enabling the diplomatic and economic policies of the United States, however, is the military instrument of national power. No dimension of national power can be considered in a vacuum—the diplomatic, economic, and military instruments of power must work in concert to achieve U.S. national objectives. The "String of Pearls" is a geopolitical issue that demands a comprehensive national policy with respect to U.S.-China relations and U.S. interests in the region. It is beyond the scope of this paper to formulate a military strategy to support such a national policy, but broad implications for the military do follow from the foregoing analysis.

The NSS defines East Asia as a region of great opportunity and lingering tensions. The United States, as a Pacific Rim nation, has vital security interests in the region and is committed to stability and prosperity through sustained engagement.¹³⁶ The overarching regional security objectives outlined in the NSS are freedom, prosperity, and security. The tremendous strength and influence of the U.S. military can be leveraged to uphold four essential themes that support these objectives: protecting the commons, guaranteeing regional security, hedging against a possible China threat, and drawing China into the community of nations as a responsible stakeholder.¹³⁷ Following is a brief overview of these themes with respect to the "String of Pearls" and general recommendations for leveraging the military to support U.S. national objectives in the region.

Protecting the Commons. The U.S. ability to project power is unrivaled, particularly at sea. U.S. Naval power is charged with peacetime management of the "blue water" high seas. Since World War II, America has enabled much of Asia's free trade by guaranteeing freedom of navigation throughout Asia's major SLOCs. No nation, including China, has the capacity to assume the responsibility of protecting the commons or the means to usurp the U.S. Navy in this role. American warships have a combined displacement of 2.86 million tons whereas the PLAN's combined fleet has a displacement of only 263 thousand tons.¹³⁸ Of the world's 34 aircraft carriers, 24 are U.S. Navy vessels, while China possesses none.¹³⁹ This traditional "blue water" navy, centered on the aircraft carrier, is one of America's greatest military strengths. In the post-Cold War security environment, although a necessary component, the "blue water" navy is not sufficient in and of itself to protect the commons and ensure freedom of navigation throughout the Asian SLOCs.

Threats such as piracy and terrorism in the Strait of Malacca also demand a littoral, or "brown water," navy capable of supporting small unit operations in coastal regions. Combating terrorist organizations such as Abu Sayyaf in the southern Philippines or extremists groups in Indonesia or Malaysia will require an agile, responsive littoral navy that can support and sustain special operations forces. The U.S. Navy currently has a limited capability in this regard but not sufficiently adequate to defeat asymmetric threats decisively or to instill confidence in regional allies. This navy will require small vessels such as the littoral combat ship (LCS), a project under joint development by Lockheed-Martin and General Dynamics. The 400-foot LCS is designed to operate in shallow water, will travel very fast (up to 40 knots), and have a range of over 3,500 nautical miles.¹⁴⁰ Considering the possibility that the visible presence and footprint of U.S. forces in Asia could be reduced, the littoral navy will

require a carefully considered basing plan, as well as logistical support from the "blue water" navy. A home port at Guam, with logistical support from Diego Garcia or another location with immediate access to the Indian Ocean, would be an ideal deployment of the littoral navy to support the "String of Pearls" region.

Air forces will also have a role in protecting the commons. Global Hawk or other intelligence, surveillance, and reconnaissance (ISR) assets can greatly assist monitoring and observation of commercial and military activity along SLOCs. Persistent, 24-hour observation of the Malacca Strait, perhaps by Global Hawk jointly operated in collaboration with regional allies or partners, would complement maritime situational awareness and policing of the strait. This ISR endeavor would be feasible today through a joint partnership with Indonesia, Malaysia, and Singapore, the three nations responsible for administering the strait. Such a joint military initiative would build trust and confidence, while simultaneously enforcing freedom of navigation and rule of law. Beyond protection of the commons, the U.S. military also has broader responsibility to set the conditions for security in the Asia-Pacific Region.

America's Role as Security Guarantor. As a maritime power, the United States cannot afford to relinquish its role as security guarantor in the "String of Pearls" region or any other area of strategic interest in Asia. The traditional "blue water" navy previously discussed is a major component of America's contribution to regional security. The "blue water" navy provides the United States the ability to project power from the sea, as demonstrated by the United States Navy's offshore bombing and cruise missile strikes conducted during recent combat operations in Afghanistan and Iraq. Other key components contributing to regional security are the forward presence of U.S. ground and air forces in Japan, South Korea, and Guam. As U.S. forces in Japan and South Korea are decreased due to political considerations, this reduction must continue to be balanced with sufficient military capability at Guam, Diego Garcia, or other locations to enable implementation of U.S. regional strategy. President Bush, in reference to the transformation of the U.S. military, stated that changes in Northeast Asia have led to a restructuring of U.S. military presence while simultaneously improving our capabilities in the region.¹⁴¹ Since regional naval and air power presence is a crucial enabler for U.S. military credibility, this should also be the U.S. policy in the "String of Pearls" region.

The United States must maintain and enhance its ability to overcome the tyranny of distance in the U.S. Pacific Command (PACOM) region. The continental United States (CONUS)-based global strike capability must remain viable, and the defense transportation system and logistics infrastructure must remain robust enough to support power projection into Asia and the "String of Pearls" region. The United States also should continue to pursue its theater missile defense programs and extend the umbrella of protection to any state threatened by a rogue actor with ballistic missile capability. Effectively guaranteeing security requires more than raw American military power, it also requires positive relationships with friends and allies to share military burdens and facilitate access for the U.S. military to operate in the region.

PACOM is the regional agent of the U.S. military responsible for implementing military strategy and policy in Asia. PACOM, through its Theater Security Cooperation Plan (TSCP), must foster good relations with allies and seek positive engagement with neutral and adversarial states to influence and shape the security environment. In November 2005, PACOM deployed forces from Japan, Hawaii, and Guam to Kalaikunda Air Station in India for the exercise Cope India 2006.¹⁴² This was a perfect example of the type of proactive military engagement the United States must pursue to enhance collective peace and stability in the region. It built trust, demonstrated commitment, and increased the interoperability between U.S. forces and a key regional partner.

Combined training and exercises should focus on areas of practical application such as ensuring freedom of navigation, counterterrorism, and disaster relief. Whether responding to acute crises such as an earthquake in Pakistan or events affecting large geographic areas such as the December 2004 tsunami

disaster, the U.S. military should have existing relationships such that regional allies can integrate and contribute to relief operations. Exercises should be designed and tailored to match the contributions each participant can provide realistically. Bangladesh and Indonesia could join the United States in an exercise to plan and execute relief operations, enhancing their ability to contribute as a future relief provider and also their ability to integrate as beneficiary of a relief operation, should such a situation arise. To exercise freedom of navigation assurance, Japan, for example, could participate in out-of-area exercises with its specialized antisubmarine and minesweeping capabilities. If other nations are concerned about Japan projecting military power beyond its immediate border, they should be included in the exercise and work side by side with the Japanese to assuage their anxiety.

Unrivaled American military capability and U.S.-supported theater security cooperation efforts are the means for the United States to guarantee security in the "String of Pearls" region and Asia in general. A strong military posture and healthy security relationships will hedge against a possible challenge from China should Beijing attempt to dominate the "String of Pearls" region.

Hedging Against the China Threat. U.S. diplomatic and economic policy is backed up by military power, but how do policymakers know that their overarching strategy towards China is not misguided? If Washington assumes China is striving for regional hegemony and responds with an aggressive military posture, it could cause China to respond in kind, fostering a vicious cycle of military buildup and counterbalancing measures. A confrontation could become a self-fulfilling prophecy if the United States fails to gauge China's intent accurately and inadvertently sends the wrong diplomatic, economic, or military signals. The first step, therefore, in hedging against a possible threat from China is accurate strategic intelligence. The intelligence, surveillance, and reconnaissance capabilities of national assets and the Department of Defense (DoD) are vital to this strategic intelligence effort. The United States would be negligent and irresponsible were it not to aggressively monitor and continually assess China during its "peaceful development."

Understanding China and determining Beijing's intent is a multipronged, multidisciplinary effort. Open source information, national technical means, and human intelligence are resources that must be included in this effort. Diplomatically, the United States should continue to insist on transparency and reciprocity with respect to the PLA and China's national security strategy. China experts who speak the language and understand the culture should be embedded within DoD and fully integrated into analysis and assessment efforts.

Operational and tactical intelligence capabilities also must be enhanced within the U.S. military. Stealthy and deep-looking ISR platforms, including stealthy watercraft to patrol the littorals, are critical capabilities necessary for obtaining such operational and tactical intelligence.¹⁴³ The United States must remain vigilant by employing aggressive but nonconfrontational ISR, reviewing and assessing China's capabilities and intent, and institutionalizing a formalized process to review and adjust U.S. strategy and policy towards China. The strategic objective of the United States should be to integrate China peacefully into the global security environment as a responsible stakeholder without recourse to costly military coercion.

Engagement: Drawing China into the Community of Nations. The U.S. military can help foster the trust, transparency, and stability necessary to facilitate China's "peaceful rise." The U.S. Congress, the President, the Secretary of Defense, and PACOM's TSCP should fully endorse and support military-to-military engagement with China. The PLA should be invited to observe and participate in U.S. and combined military exercises to train for missions such as humanitarian relief, search and rescue, maritime patrol, antipiracy, and counterterrorism. Such interaction will establish relationships, enhance communication, reduce misunderstanding, and build trust. The United States should encourage engagement at high and low echelons, realizing that bringing the PLA together with the United States and its allies will be a slow and deliberate process.

Although several U.S. government agencies have been more proactive than DoD in dealing with China, the military has tremendous resources to forge meaningful and long-lasting relationships. Washington should extend an invitation to Beijing for PLA officers to attend war colleges and other professional military education opportunities in the United States. The PLA should reciprocate by inviting U.S. military officers to its military education programs. Exchanges should extend to all government agencies capable of addressing issues and challenges common to both countries. A China-U.S. Coast Guard exchange could address organized crime or drug trafficking in the "String of Pearls" region; a China-National Institutes of Health exchange could address Avian Flu or other health-related security issues. The U.S. military has the physical presence and resources to engage effectively and positively with China. This latent capability of the U.S. military must be leveraged to take advantage of opportunities that will foster a positive security environment for the benefit of the United States, China, Asia, and the world community.

The NSS is correct in stating that international initiatives and institutions can assist in the spread of freedom, prosperity, and regional security in East Asia.¹⁴⁴ Engaging China also includes multilateral engagement in existing institutions such as the APEC forum and the ARF. The U.S. military also can set the conditions for the success of new security arrangements, such as the U.S.-ASEAN Enhanced Partnership or the Six Party Talks, to address common and regional security challenges. U.S. strategy should be to foster a multilateral institutional framework that includes China, but also a framework built upon a solid foundation of sound bilateral relations with key states in the region.¹⁴⁵

China Looks Seaward: Tomorrow.

When the explorer Zheng He embarked with his "treasure fleet" for the glory of China 600 years ago, he encountered nothing but wind and waves as he voyaged across empty oceans. Today, the seas are no longer empty, and, as China develops its capabilities to venture beyond its shores, it is increasingly likely to encounter U.S. maritime presence. China's growing interests and influence along the "String of Pearls," primarily driven by the need to secure energy resources and trade routes, present a complex strategic situation that could impact the future direction of China's relationship with the United States, as well as China's relationship with neighbors throughout the region. Whether China will sail with the wind and become a responsible stakeholder in the international system, or sail against the wind and seek to upset the existing world order is the potential question posed by the "String of Pearls." Attaining strategic cooperation is a difficult challenge that will require leadership, wisdom, understanding, and restraint in both Washington and Beijing. The United States, through its diplomacy, economic policies, and military strategy has an unprecedented opportunity to shape and influence China's future direction. Overcoming the potential challenges posed by the "String of Pearls" and the successful integration of China as a responsible stakeholder in the international system are necessary for the future prosperity and security of states in the region and across the globe.

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**Major General David H. Huntoon, Jr.
Commandant**

STRATEGIC STUDIES INSTITUTE

**Director
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